

Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 L-03 PA-02 PRS-01 USIE-00 SS-15

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FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC IMMEDIATE 897

INFO AMCONSUL TORONTO UNN

AMCONSUL WINNIPEG UNN

UNCLAS OTTAWA 3494

E.O. 11652: N/A

TAGS: EGEN, CN

SUBJECT: ANTITRUST - POTASH - BLAKENEY STATEMENT

REF: OTTAWA 3474

1. ACCORDING TO CP WIRE SERVICE STORY LATE AFTERNOON AUGUST 30, SASKATCHEWAN PREMIER ALLAN BLAKENEY HAS ISSUED STATEMENT ACCUSING U.S. JUSTICE DEPARTMENT OF "CHARACTER ASSASSINATION" AND HAS CALLED ON CANADIAN FEDERAL GOVERNMENT "TO TAKE APPROPRIATE ACTION TO PROTECT CANADIAN INTERESTS".

2. FOLLOWING IS TEXT OF KEY EXCERPTS FROM CP STORY:

SASKATCHEWAN PREMIER ALLAN BLAKENEY SAID MONDAY HE HAS ASKED THE FEDERAL GOVERNMENT "TO TAKE APPROPRIATE ACTION TO PROTECT CANADIAN INTERESTS" AGAINST WHAT HE VIEWS AS UNITED STATES INTERFERENCE WITH CONTROL OF SASKATCHEWAN RESOURCES. IN A STATEMENT THAT ALSO ACCUSED THE U.S. JUSTICE DEPARTMENT OF "CHARACTER ASSASSINATION," THE PREMIER PROTESTED THE ACTION OF THE U.S. JUSTICE DEPARTMENT IN NAMING PROVINCIAL MINISTERS AND CIVIL SERVANTS AS "CO-CONSPIRATORS" IN ALLEGED POTASH PRICE-FIXING. THE PREMIER SAID THE SO-CALLED PRICE-FIXING, FROM 1969 TO 1974, WAS SIMPLY LEGITIMATE GOVERNMENT CONTROL OF A RESOURCE.

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"THE U.S. JUSTICE DEPARTMENT APPEARS TO HAVE EMBARKED ON A

CAMPAIGN OF CHARACTER ASSASSINATION BY BRANDING AS CRIMINAL
CONSPIRATORS CANADIAN CITIZENS OBEYING AND APPLYING CANADIAN LAW.
"THE TRUE PURPOSE OF THESE PROCEEDINGS IS TO FORCE COMPANIES
DEVELOPING CANADIAN RESOURCES TO COMPLY WITH NOT CANADIAN BUT U.S.
LAWS.

"THIS IS BEING DONE BY ATTEMPTING TO INTIMIDATE ANY SHAREHOLDER
OF ANY SUCH COMPANY WHO HAPPENS TO BE A UNITED STATES CITIZEN.
"THE PURPOSE IF TO MAKE ANY CANADIAN RESOURCE DEVELOPED BY ANY
COMPANY WITH U.S. SHAREHOLDERS SUBJECT TO U.S. LAWS RESPECTING
PRODUCTION AND SALES REGARDLESS OF WHAT CANADIAN LAW MAY BE.
"IT IS OBVIOUS NOW-IF IT WAS NOT OBVIOUS BEFORE-THAT THE JUSTICE
DEPARTMENT OF THE UNITED STATES EXPECTS POTASH COMPANIES IN
SASKATCHEWAN WITH AMERICAN SHAREHOLDERS TO OBEY U.S. LAWS AND
NOT SASKATCHEWAN LAWS.....

"I DEPLORE THE TACTICS BEING USED IN THE CAMPAIGN TO CONTROL
SASKATCHEWAN POTASH, IN PARTICULAR, I DEPLORE THE MOVE BY THE
UNITED STATES JUSTICE DEPARTMENT TO BLACKEN THE NAME OF THE LATE
PREMIER ROSS THATCHER.

"MR. THATCHER'S ONLY OFFENCE WAS THAT HE DID WHAT HE THOUGHT
WAS BEST FOR OUR PROVINCE. HE BROKE NO SASKATCHEWAN LAWS. HE
BROKE NO CANADIAN LAWS.

"HE EXERCISED HIS POWER AS PREMIER OF OUR PROVINCE AS HE WAS
ELECTED TO DO.

"AND FOR THAT HIS FAMILY IS FACED WITH THE PUBLIC SLANDERING
OF HIS NAME. HE IS NAMED AS A CRIMINAL CONSPIRATOR FOR DOING
WHAT HE HAD EVERY RIGHT TO DO."

REPLYING TO QUESTIONS, MR. BLAKENEY SAID HE HAS NO IDEA WHY HE
TOOWAS NOT NAMED AS A CO-CONSPIRATOR. HE WAS PREMIER DURING THE
LAST THREE YEARS PRORATIONING WAS IN EFFECT.....

MR. BLAKENEY SAID THE U.S. GOVERNMENT MIGHT APPLY THE SAME PRINCIPLE
TO ANY CANADIAN RESOURCE WHICH IT FEELS IS NOT FAIRLY PRICED.
AS AN EXAMPLE, HE SAID, CALIFORNIA OFFICIALS ASKED THE U.S. JUSTICE
DEPARTMENT TO INVESTIGATE CANADIAN URANIUM EXPORTS ON THE GROUNDS
THAT THEY MAY VIOLATE U.S. LAWS AGAINST PRICE-FIXING.
THE PREMIER SAID U.S. AUTHORITIES COULD TAKE ACTION AGAINST
LUMBER, NICKEL OR PULP AND PAPER.

A U.S. JUSTICE OFFICIAL HAS SAID THAT THE LIST OF
CANADIAN "CO-CONSPIRATORS" DOES NOT IMPLY THOSE PERSONS ARE
GUILTY OF CRIMINAL ACTS, BUT MR. BLAKENEY REJECTED THAT AS
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SEMANTICALLY MEANINGLESS.

"I DO NOT KNOW HOW ONE CAN BE NAMED AS A CONSPIRATOR IN
A CRIMINAL ACTION WITHOUT BEING NAMED AS A CRIMINAL CONSPIRATOR."
ASKED WHAT HE WOULD DO IF SASKATCHEWAN MINISTERS OR OFFICIALS ARE
SUBPOENAED TO TESTIFY IN U.S. COURTS IN THE CASE, THE PREMIER
SAID HE WOULD CONSULT THE FEDERAL EXTERNAL AFFAIRS DEPARTMENT.
HE ADDED THAT EXTERNAL AFFAIRS HAS BEEN "DILIGENT" IN THE

PROTECTION OF CANADIAN INTERESTS CONCERNING U.S. EXPRESSIONS OF
CONCERN OVER THE SASKATCHEWAN GOVERNMENT'S PLANNED TAKEOVER OF
PROVINCIAL POTASH MINES, WHICH ARE MAINLY U.S.-OWNED. END TEXT.
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